United Nations A/C.5/53/SR.13

General Assembly
Fifty-third session

Official Records

Distr.: General
5 January 1999
English
Original: Spanish

Fifth Committee

Summary record of the 13th meeting
Held at Headquarters, New York, on Monday, 26 October 1998, at 3 p.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 118: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*)

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

98-81895 (E)

The meeting was called to order at 3 p.m.

Agenda item 118: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/53/11; A/C.5/53/23, A/C.5/53/24 and A/C.5/53/28)

1. **Mr. Etuket** (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions (A/53/11), said, in connection with the scale methodology, that the Committee on Contributions had considered the request made in the Fifth Committee at the previous session regarding the implications of using gross domestic product (GDP) rather than gross national product (GNP) in preparing future scales. The Committee had recalled that, although GNP was conceptually superior as an approximation of capacity to pay, GDP was somewhat better in terms of data availability and reliability. However, for those countries showing the largest differences between GDP and GNP, data availability and reliability were the same. The Committee on Contributions had therefore concluded that, overall, differences in data availability and reliability for GNP compared to GDP would not significantly affect the calculation of assessment rates. Accordingly, the Committee had remained of the view that GNP was the least unsatisfactory income measure for the purposes of the scale and should continue to be used.

2. As for the other elements of the scale methodology, the Committee on Contributions had decided to look at them further at its fifty-ninth session, with a view to making a consolidated set of recommendations on the next scale to the Assembly at its fifty-fourth session, since the Assembly would not take any decisions on the matter before 1999.

3. Regarding the initial review by the Committee on Contributions of the practical implications of the proposal to conduct an annual recalculation of the scale of assessments (paras. 73–81), the Committee had assumed that the annual recalculation would be a limited technical exercise and that decisions on the recalculated scales would be delegated to it. Nevertheless doubt had been expressed by some members of the Committee on Contributions as to whether the process would remain a simple technical exercise, and they had felt that it would probably lead to a full renegotiation of the scale every year.

4. Regarding the possible reintroduction of a ceiling on per capita assessments, which had been abolished by the General Assembly in its resolution 3228 (XXIX) of 12 November 1974, on the recommendation of the Committee on Contributions, he noted that, in the view of the Committee on Contributions, reintroduction of the element would be contrary to the principle of capacity to pay, since it would impose an increasing burden on Member States with medium and low per capita income.

5. With regard to the outcome of the review undertaken by the Committee on Contributions of the application of Article 19 of the Charter of the United Nations, the level of arrears was currently calculated once annually at the end of each year for the following year, which was consistent with financial regulation 5.4 and the Financial Rules. By "preceding two full years" was meant the preceding two full calendar years. It had been the Secretariat's practice to use the gross amount of assessments, namely, before allowance for any credits from, for example, staff assessment.

6. The Committee on Contributions had not agreed on the desirability of changing the current procedures for the application of Article 19, and intended to consider the matter further at its fifty-ninth session and to submit its recommendations to the General Assembly.

7. With regard to the procedural aspects of the consideration of requests for exemption under Article 19, the Committee on Contributions had considered the possibility of establishing guidelines or criteria for granting exemptions, but had concluded that the particular circumstances of each Member State had to be considered. The Committee would, however, try to apply precedents as appropriate. In that connection it was important for the Committee to have the fullest possible information.

8. The Committee on Contributions had also considered various solutions to the problem of the timing of the application of Article 19 of the Charter (1 January) and the dates of the sessions of the Committee on Contributions for those Member States in respect of which an exemption had been recommended but which, pending approval by the General Assembly, could be deprived of the right to vote for several months through being in arrears. All the solutions, however, raised other problems.

9. Regarding the need to ensure the speediest possible action by the General Assembly on recommendations by the Committee on Contributions for exemptions — an issue which had arisen in the Fifth Committee at the current session — he noted that some such decisions had been taken at resumed sessions of the General Assembly and that approach could presumably be followed again. For its part, the Committee on Contributions could certainly structure its report so as to facilitate the earliest possible action by the General Assembly.

10. Regarding the requests for exemption by Comoros and Tajikistan, the Committee had agreed that the failure of those Member States to pay was due to conditions beyond their control and had recommended, and the General Assembly had decided, that they should be permitted to vote through the fifty-third session of the Assembly.

11. On the assessment of non-member States, the Committee on Contributions, in accordance with the procedures approved by the General Assembly in its resolutions 44/197 B and 52/215 A, had recommended that the following percentage figures should be applied to notional assessment rates from 1999: Kiribati, 9 per cent; Nauru, 1 per cent; Holy See, 10 per cent; Switzerland, 30 per cent; Tonga, 5 per cent; and Tuvalu, 5 per cent.

12. As indicated in the report, the information provided by non-member States to the Committee on Contributions regarding their level of participation in United Nations activities had not been complete. Further, following the reduction of the minimum assessment rate to 0.001 per cent, the minimum assessment for non-member States had been reduced to $105 in 1998. During discussion of that question in the Committee it had been observed that three Member States still had outstanding non-member State assessments from before their membership in the Organization.

13. On the question of payment of contributions in currencies other than United States dollars, in 1997 eight Member States had made total payments in non-United States dollar currencies to the equivalent of $2.8 million.

14. On the collection of contributions, since the conclusion of the fifty-eighth session of the Committee on Contributions 14 of the 26 Member States listed as actually or potentially falling under Article 19 of the Charter in 1998 (A/53/4, para. 110) had made the necessary payments to avoid the application of Article 19 — Burundi, Cape Verde, Central African Republic, Chad, Dominica, Equatorial Guinea, Grenada, Honduras, Kyrgyzstan, Niger, Republic of Moldova, Seychelles, Togo and Vanuatu. In addition, on the recommendation of the Committee on Contributions, the General Assembly had decided to permit Comoros and Tajikistan to vote through the fifty-third session. The Assembly had also decided to permit Georgia and Guinea-Bissau to vote for a three-month period beginning 7 October 1998. No decision had yet been taken regarding Bosnia and Herzegovina, Congo and Iraq.

15. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union and the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, proposed that the Committee on Contributions should convene a session as early as possible in 1999 to further review the practical implications of tightening procedures for the application of Article 19 of the Charter of the United Nations. Such measures could include semi-annual calculations in connection with the application of Article 19, a comparison of arrears with amounts assessed and payable for the preceding two full years, the use of net rather than gross amounts, and a reduction in the floor rate. The Committee on Contributions might also examine the reasons why only a limited number of Member States with arrears due to conditions beyond their control addressed the Committee at its regular sessions; the frequent submission of incomplete information; and the possible need for more guidance by the Secretariat on how and when to provide the necessary data.

16. The European Union recalled its proposal to re-establish as close a link as possible between the scale of assessments and capacity to pay. Notwithstanding the delicate balance achieved by the adoption of General Assembly resolution 52/215, much remained to be done in that regard. For example, the introduction of annual recalculation would constitute an element of the methodology that better reflected the capacity to pay of a Member State whose economy experienced considerable fluctuations. Lastly, he reiterated the European Union proposal to revise the peacekeeping scale to better reflect the principle of capacity to pay.

17. **Mr. Vantsevich** (Belarus) said that the proper functioning and stability of the Organization depended, to a large extent, on the fair apportionment of expenses among its Members. However, there had been frequent deviations for political reasons from the basic principle behind the preparation of the scale of assessments, namely, capacity to pay. As a result of the blatant injustice which some Member States had suffered during the preparation of the previous scale, they had been unable to pay their assessments in full and on time. Despite the severe financial difficulties with which it was faced, Belarus in 1997 had contributed more than $6 million to the regular and peacekeeping budgets and proposed to contribute a further $3 million in 1998.

18. He agreed with the Committee on Contributions that the methodology which had been established at the beginning of the scale period should not be changed before the beginning of the next scale period and that the scale should not be fully renegotiated each year. He also welcomed the Committee's efforts to improve the methodology.

19. There was no doubt that the fundamental criterion for the apportionment of the expenses of the Organization

should be capacity to pay. His delegation agreed with the conclusion of the Committee on Contributions (A/53/11, para. 45) that GDP remained the least unsatisfactory income measure for purposes of calculating assessments rates. The length of the base period for the scale should be six years. It also agreed with the conclusion that market exchange rates should be used for the purposes of the scale, except where that would cause excessive fluctuations or distortions in the income of some Member States (para. 50). The debt-burden adjustment should continue to be used in the future scale. To that end, account should be taken of total debt stocks instead of actual repayments of principal.

20. With regard to the low per capita income adjustment, Belarus was ready to discuss the possibility of using a sliding gradient. The current procedures for the application of Article 19 of the Charter should also be maintained. Lastly, it was unacceptable to place any restrictions on cooperation between debtor countries and the United Nations procurement system.

21. **Mr. Watanabe** (Japan) said that the methodology and existing parameters for calculating the scale of assessment did not permit a fair apportionment of the Organization's expenses. One example was the low per capita income adjustment. Under the current scale methodology, countries situated above the threshold absorbed in total 8.281 per cent as the part discounted from countries below the threshold. Because the 25 per cent ceiling applied only to the largest contributor, Japan was forced to absorb 2.549 per cent of the 8.281 per cent, which was not equitable. The Committee on Contributions should give further consideration to the issue with a view to correcting the injustice.

22. With regard to the problem of discontinuity, his delegation agreed with the Committee on Contributions (A/53/11, para. 63) that the proposal for applying positive progressivity in assigning points arising from the adjustment to countries above the threshold was not an acceptable solution.

23. On the subject of conversion rates, income data comparisons between countries was affected by exchange rates. The Committee on Contributions should give further consideration to that issue at its next session, perhaps with the help of the International Monetary Fund or the World Bank.

24. With regard to peacekeeping assessments, Japan would go along with any proposal to give a mandate to the Committee on Contributions in that area.

25. The question of annual recalculation of the scale of assessments must be given very careful consideration, since it was technically very complicated and had financial implications.

26. Japan supported the idea of stricter application of Article 19 of the Charter, though the issue should be considered from both the technical and legal points of view. If exceptions were made too frequently, Article 19 would lose its *raison d'être*. In dealing with cases of late submission of requests for exemption under Article 19, the General Assembly should set two very strict deadlines for the submission of such requests: the first in June, before the opening of the regular session of the Committee on Contributions, and the second on 30 September, for example. The Committee on Contributions could consider during its regular session in June requests that had been submitted before the first deadline. Any request submitted before the second deadline would be taken up by the Committee on Contributions in early October in an extraordinary session devoted solely to the question of the application of Article 19. Countries submitting requests before the second deadline should clearly justify their failure to submit it in June. Also, the General Assembly should take a firm decision not to allow any Member State to submit a request for exemption directly to the Assembly.

27. He recognized that his proposal presented two problems. Firstly, countries which might be entitled to exemption from the payment of their assessed contribution would not be able to vote during the period from January to June of the year in question. However, that was not a serious problem and, in that regard, he agreed with the conclusion which the Committee on Contributions had reached in its earlier report (A/51/11). Secondly, the extraordinary session of the Committee on Contributions which would have to be convened would have some financial implications. His delegation considered, however, that that cost was necessary in order to maintain due process.

28. **Mr. Herrera** (Mexico), referring to the application of Article 19 of the Charter (A/53/11, chap. III), reaffirmed the Committee on Contributions' role to advise the General Assembly on such matters, in accordance with the provisions of article 160 of the rules of procedure of the General Assembly. All requests for exemptions from the application of Article 19 of the Charter should be considered by the Committee on Contributions.

29. The problem of the lag in time between the submission of requests for exemption and the sessions of the Committee on Contributions should not be resolved by applying automatic procedures. The Committee on Contributions should keep the issue of scheduling under review, in view of the most recent advances in telecommunications, so that

Member States which found themselves in the situation described in Article 19 of the Charter could receive a timely response from the Committee on Contributions and from the General Assembly to their requests for exemption.

30. Requests for exemptions under Article 19 of the Charter should be considered on a case-by-case basis and the General Assembly should state its view in the form of a decision on each request. The Committee on Contributions had adopted the same position when it stated (para. 9) that requests for extensions should be fully reviewed on their own merits. Mexico took note of the Committee's observations in paragraphs 22, 23, 25, 26 and 27 of its report, concerning changes to the current procedures for the application of Article 19. He hoped that, after considering all the practical consequences of the proposals under review, the Committee on Contributions would be in a position to make recommendations on the subject in the report to its fifty-ninth session.

31. The Mexican delegation took note of paragraph 45 of the report of the Committee on Contributions, in which the Committee reaffirmed its recommendation to use GNP as an income measure for purposes of calculating assessment rates. It also noted that the study of the other elements of the methodology for establishing the scale of assessment would continue during the Committee's fifty-ninth session.

32. Lastly, the critical international financial situation would make it difficult to review the apportionment of peacekeeping expenses.

33. **Mr. Bond** (United States of America) said that, during the previous week, the United States had paid $50 million for the regular budget for the current year and $113 million for the peacekeeping budget. In addition, as provided for in the relevant legislation, it envisaged a payment of some $200 million on its assessment for the regular and peacekeeping budgets before the end of the current calendar year.

The meeting rose at 4.05 p.m.

United Nations A/C.5/53/SR.14

General Assembly
Fifty-third session

Official Records

Distr.: General
6 January 1999
English
Original: Spanish

Fifth Committee

Summary record of the 14th meeting
Held at Headquarters, New York, on Wednesday, 28 October 1998, at 3 p.m.

Chairman: Mr. Abelian ..... (Armenia)
later: Ms. Brennen-Haylock (Vice-Chairman) ..... (Bahamas)
later: Mr. Abelian (Chairman) ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 30: United Nations reform: measures and proposals

Agenda item 119: Human resources management

Agenda item 118: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*)

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

98-81949 (E)

The meeting was called to order at 3 p.m.

Agenda item 30: United Nations reform: measures and proposals

Agenda item 119: Human resources management (A/53/414)

1. **The Secretary-General**, introducing his report on human resources management reform (A/53/414), said that the report, together with other documents on the reform process being submitted to the Committee, represented an integral part of the "quiet revolution" of United Nations reform and renewal.

2. The Organization had reached another key moment in the process. Despite all the work that had been done, the United Nations was still too slow and ponderous in responding to the many challenges that Member States sought to address through the Organization. Reform of human resources management aimed to strike a major blow for excellence, efficiency and effectiveness.

3. The report carried forward the vision presented in the overall programme of reform in 1997. It built on the strategy for human resources management adopted by the General Assembly in 1994, and drew extensively on the recommendations of the Task Force on Human Resources Management, established in 1998, which had now finished its work. And it reflected consultations with the staff and management of the Secretariat — consultations that would continue.

4. The report set out a vision of organizational change that combined longer-term objectives with short- and medium-term targets for the next three to five years. As with reform in general, reform of human resources management was a process, an evolving enterprise that called for the careful study of options before moving ahead, and then for learning from feedback and experience.

5. A great number of changes in all key areas, including staff administration, recruitment and placement, and career development, had already been put in place. At the same time much work remained to be done. Additional follow-up documents would elaborate on the broad policies and visions contained in the current report and would keep Member States abreast of progress. For the time being, the thrust of the reforms rested on several pillars.

6. Above all it was necessary to have the right people with the right skills in the right job at the right time. That would be done by delegating authority, by decentralizing decision-making, and by ensuring accountability at all levels. Accountability was the guiding principle of the reform. Improving accountability required strengthening the vertical chain of dialogue, up and down the line of management. Some new mechanisms, such as a management review panel, were under consideration as well.

7. Delegation would be done on an incremental basis. It would take place gradually as guidelines, monitoring and accountability mechanisms were put in place, and as managers were ready to take on their added responsibilities. At the same time rules and procedures were being simplified; the process was already under way in the administration of entitlements and elsewhere.

8. The role of the Office of Human Resources Management (OHRM) would become more focused so that it was responsible for setting strategy, developing policy, providing guidelines to managers and monitoring performance. Notwithstanding the delegation of authority, however, certain core human resources services were best managed at the centre and would remain with OHRM.

9. The Administration wanted to promote a culture of continuous learning and staff development leading to career growth. Compared to other United Nations funds and programmes, and private sector enterprises, the United Nations did not invest enough in staff development, and must do better. Mobility must be encouraged at all levels — across functions, departments, duty stations and organizations of the United Nations system — in order to broaden the experience of the staff. All that must be done while upholding fundamental principles of transparency, due process, fairness and respect for diversity, and while meeting the requirements for geographical and gender balance.

10. Reform of human resources management was not a direct application of management practices from the outside. There was, indeed, much to be learned from those practices and philosophies, and the Administration had established many contacts with business leaders and management counsellors who wanted to help the Organization succeed. He was aware that what was tried and true on the outside was not necessarily applicable to an international organization. But the best practices would be sought, wherever they were to be found.

11. The reform of human resources management was also not an exercise in budget reduction and staff cutting, and certainly not a way to fund the Development Account. Rather, it was an investment in change, an essential process by which the Organization was modernizing its most important asset.

12. Finally, the reform of human resources management represented partnership. All were aware of the division of responsibilities between the Secretariat and the Member States. He would continue to rely on the support of the Fifth Committee and would seek its approval when appropriate. Member States, staff, management and the Office of Human Resources Management, all were stakeholders. Without a shared commitment to change and improvement, the reform effort would fall short.

13. The overarching goal was to align the Organization's human resources with its global mission. That mission — of peace, development and human rights around the world — was growing ever more urgent and complex. The world needed a better United Nations, and, since embarking on the reform progress, the Administration had made significant progress in improving the Organization. A great deal had been accomplished, structurally and organizationally. Much had been achieved in setting priorities and coordinating mandates. An enormous amount had been done to involve civil society in the work of the Organization and to broaden the definition of the international community. But those were only pieces of a puzzle, which would not be complete until human resources were managed better.

14. That vital work must move ahead in a spirit of partnership. To that end, he looked forward to having more sessions like the current meeting and to hearing the ideas and suggestions of Member States about meeting the goals shared by all.

15. **The Chairman** said that, on behalf of the members of the Fifth Committee, he wished to thank the Secretary-General for his important statement, which would assist the Committee in its deliberations on the agenda item. Member States would make every effort to assist the Secretary-General in meeting the enormous challenges facing him and the United Nations, with a view to preparing the Organization for the next millennium.

16. **Mr. Sucharipa** (Austria), speaking on behalf of the European Union, commended the efforts of the Secretary-General and the Office of Human Resources Management to modernize the Organization's human resources management. The presence of the Secretary-General in the Fifth Committee underscored the importance that he attached to that objective. Since the staff of the United Nations was its greatest asset, the European Union supported all measures to ensure that the Organization had the most competent staff members. In that regard, he regretted that the staff recruitment procedure was so lengthy.

17. The European Union welcomed the improvement in the dialogue between staff and management. That should give the staff greater sense of identity, improve motivation and ultimately lead to more satisfactory professional performance. The European Union was impressed by the scope of the project described in the Secretary-General's report and planned to participate actively in its implementation.

18. **Ms. Syahruddin** (Indonesia), speaking on behalf of the Group of 77 and China, thanked the Secretary-General for the progress that had been made in managing the Secretariat's human resources. While she understood that the slowness of the process was due to constraints on the Secretariat, she appreciated the transparency of that process. The Group of 77 and China hoped that a transparent accountability mechanism would be established in the agencies that the dialogue that had begun would have a satisfactory outcome.

19. **Mr. Pérez Oterim** (Uruguay) said that the Secretary-General's report marked the beginning of a new culture of administration and management that would benefit the Organization's most valuable resource: its staff. His delegation was pleased that adjustments were being made, duplication was being avoided, coordination among departments was increasing and working methods were being modernized. That would alleviate the financial burden placed on Member States and help improve the Organization's image among the general public. The plans that had been presented were in keeping with civil service reform being implemented by various Member States, including Uruguay.

20. Since 70 per cent of the Organization's resources were spent on human resources, Member States had the right to demand, as a minimum, excellence. Uruguay encouraged the Secretary-General to proceed with changes in planning, recruitment and administration and staff development and career support, and to establish a system of promotion based on versatility, effort and merit, and a competitive system of remuneration that would attract the most competent people.

21. He hoped that the United Nations, which had made ground-breaking progress in the fields of international law, environment, development and human rights, would also become a model of good administration and management.

22. **Mr. Powles** (New Zealand), speaking also on behalf of Australia and Canada, welcomed the fact that the Secretary-General had addressed the Committee on the crucial subject of the reform of the United Nations, and said that Australia, Canada and New Zealand supported that undertaking. The presence of the Secretary-General in the Committee highlighted the importance of modern staff management in the reform of the Organization, the main

objective of which was the more effective promotion of the aims and ideals of the international community in the twenty-first century.

23. **Mr. Takasu** (Japan), referring to the Secretary-General's report (A/53/414), said that human resources management reform in the Secretariat was one of the most important aspects of the reform of the United Nations as a whole. With regard to the rationalization of human resources management, his delegation agreed that the staff recruitment procedure was too lengthy and should be shortened. According to one Secretariat document, that procedure lasted an average of 461 days. That was incredible and unjustifiable; moreover, it was a disincentive for professionals who wished to work for the Organization.

24. Japan supported the initiative to give greater control to managerial staff, simplifying the rules and procedures and delegating authority to programme managers.

25. His delegation commended the impressive and energetic work of the Office of Human Resources Management. It also welcomed the Secretary-General's proposal to establish a new staff recruitment and placement system that was fair, timely, simple, cost-effective and transparent.

26. His delegation wished to know what form of delegation of authority, in addition to shortening the length of procedures, could meet the demands of Member States in accordance with the Charter and the relevant General Assembly resolutions concerning geographical representation. It should be pointed out that the number of Japanese staff members in the United Nations was less than half the number Japan should have in accordance with system of desirable ranges.

27. In a spirit of cooperation, his delegation supported the Secretary-General's intention to provide the Organization with more competent staff on the broadest possible geographical basis.

28. **The Secretary-General** thanked the members of the Committee for their constructive preliminary observations. Human resources management was one of the Organization's most important tasks and was designed to enhance the efficiency and effectiveness of the Secretariat so that it could act more quickly. The United Nations was over-administered as a result of rules created by the Secretariat or imposed by the Member States. Those rules needed to be rationalized so that the Organization could concentrate on programmes. The streamlining of rules and procedures that had already begun would yield considerable benefits.

29. Replying to the question by the representative of Japan, he explained that delegating authority did not mean abandoning an obligation or the application of fundamental rules which the Member States had imposed on the Secretariat. Certain basic human resources functions, such as implementing the rules on geographical distribution, gender balance and the revitalization of the Secretariat, would continue to be managed at the central level, in the Office of Human Resources Management. The Office would establish rules and guidelines in those spheres for departments and programme managers and would be responsible for overseeing their implementation, as it had been until then. The Secretariat was fully aware of the need to maintain a geographical balance in the composition of the staff.

30. **Mr. Odaga-Jalomayo** (Uganda), **Ms. Goicochea Estenoz** (Cuba) and **Ms. Incera** (Costa Rica) regretted that they had not had an opportunity to address questions to the Secretary-General.

31. **Ms. Brennen-Haylock** (Bahamas), Vice-Chairman, took the Chair.

Agenda item 118: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/53/11; A/C.5/53/23, A/C.5/53/24 and A/C.5/53/28)

32. **Ms. Syahruddin** (Indonesia), speaking on behalf of the Group of 77 and China, said that the agenda item under consideration was of great importance, and Member States should provide adequate resources for the full implementation of the Organization's mandated programmes and activities. Member States had the legal obligation to bear the expenses of the Organization as apportioned by the General Assembly. The fundamental criterion for the apportionment of such expenses was the principle of capacity to pay. Furthermore, as the Ministers for Foreign Affairs of the Group of 77 and China had stressed at their twenty-second annual meeting in September 1998, the developing countries should not be assessed at a rate higher than their capacity to pay as a result of any adjustments in the scale.

33. The difficult financial situation of the Organization would not be solved by revising the methodology of the scale of assessments, since the level of resources available would remain unchanged, and there would be no guarantee that future assessments would be paid promptly and in full. The financial difficulties of the United Nations could only be resolved if Member States, in particular the major contributor, took concrete action to settle their arrears and

honour faithfully their obligations under the Charter of the United Nations.

34. The Group of 77 and China took note of paragraphs 6 to 10 of the report of the Committee on Contributions (A/53/11) on the procedural aspects of the consideration of requests for exemption under Article 19 of the Charter. They also emphasized the need to consider favourably requests from Member States, in particular the developing countries, that were experiencing temporary economic difficulties. The Committee on Contributions should continue to examine ways in which requests from those Member States could be considered in a timely manner. Moreover, the General Assembly should be able to benefit, whenever possible, from the technical advice of the Committee on Contributions when considering such requests. The Assembly should agree on a clear set of rules on granting exemptions that did not discriminate against any Member State.

35. With regard to the review of the various elements of the scale methodology, she recalled the painstaking negotiations that had led to the adoption by consensus of General Assembly resolution 52/215 on the scale of assessments for the period 1998–2000. Once the scale of assessments was fixed by the General Assembly, it would not be subject to a general revision for at least three years unless it was clear that there had been substantial changes in relative capacity to pay.

36. The agenda item under consideration was not related to the peacekeeping budgets but rather to the Organization's regular budget. The Fifth Committee's deliberations should therefore remain focused on the issue of the scale of assessments for the regular budget.

37. **Mr. Mabilangan** (Philippines), speaking on behalf of the States members of the Association of South-East Asian Nations (ASEAN), said that ASEAN supported the statement by the representative of Indonesia. The expenses of the Organization should be borne by the Member States as apportioned by the General Assembly in accordance with the principle of capacity to pay, a principle which had been consistently reaffirmed by the General Assembly. It was unacceptable that a Member State should determine its own share of the expenses.

38. The members of ASEAN were deeply concerned at the continuing financial crisis of the United Nations, which was affecting the Secretariat's capacity to implement fully and effectively the Organization's programmes and activities. The current financial difficulties of the Organization were caused not by the scale methodology but rather by the failure of some Member States, in particular the major contributor, to honour their Charter obligation of payment in full, on time and without conditions. As a result, Member States providing troops and equipment to various peacekeeping operations, including developing countries, were not being reimbursed in a timely manner. That situation needed to be redressed as a matter of urgency.

39. Proposals that would encourage Member States to honour their Charter obligations in full, on time and without conditions deserved further consideration. The loss of voting rights under Article 19 of the Charter was the only sanction against Member States which defaulted on their financial obligations to the Organization. At the same time, the members of ASEAN remained sensitive to the plight of Member States which were experiencing temporary economic difficulties and were likely to fall under Article 19.

40. The members of ASEAN noted the observation of the Committee on Contributions that there was scope for changing the current procedures for the application of Article 19 and that Committee's intention to continue its consideration of the various proposals on the subject. There should be adequate and clear procedures for Member States to channel their requests for exemptions to the Committee on Contributions, and the General Assembly should be able to benefit from the technical advice of that Committee when considering such requests. In addition, the Committee on Contributions should recommend practical ways in which it could consider, in a timely manner, requests for exemption received after its annual regular session. It was to be hoped that a solution could be found which would address the legitimate concerns of Member States and uphold rule 160 of the rules of procedure of the General Assembly.

41. The members of ASEAN supported the decision of the Committee on Contributions to submit a consolidated set of recommendations on the various elements of the scale methodology to the General Assembly at its fifty-fourth session.

42. They strongly believed that the question of a scale of assessments for the apportionment of peacekeeping expenses should be considered only under the relevant agenda item and not under the current item.

43. **Ms. Dinić** (Croatia) said that the payment of contributions to the United Nations budget was a basic obligation of membership, even though a number of Governments had to make great efforts to meet their financial obligations to the Organization. Her Government, which was coping with the problems of reconstruction of the Croatian infrastructure and economy, nevertheless had managed to pay in July 1998 the amount of $1,499,985,

thereby covering all its arrears in relation to the regular budget and part of those for peacekeeping operations.

44. The current scale of assessments had been adopted in 1997. It was not perfect but it showed an improvement in terms of the basic principle of capacity to pay. In that context, the Fifth Committee had agreed, *inter alia*, on the rate of 0.001 per cent for the least developed countries. Countries with arrears from previous years would start to feel the positive effects of the new scale in 1999 or 2000.

45. Her delegation supported the implementation of Article 19 of the Charter, since it represented the only means of penalizing a Member State which failed to meet its obligations. However, the procedure should be further elaborated in the Committee on Contributions. In the meantime, the existing procedure should be respected so as to ensure the equal treatment of all Members.

46. In respect of recent requests for exemption from the application of Article 19, she said that all had witnessed the difficulties which the Fifth Committee had had to face owing to a lack of consistency. Her delegation supported the request for exemption of Bosnia and Herzegovina, since it was aware of the difficulties which that country was facing in trying to meet its financial obligations. The Fifth Committee had subsequently received similar requests from the delegations of the Republic of the Congo and Iraq. Each case should be examined on its merits. In order to assist the work of the Fifth Committee, a mechanism should be established to deal in an orderly manner with any similar applications that might arise outside the context of the regular procedure. The Committee on Contributions, as an expert body, should advise the Fifth Committee on the issue. That possible solution should not however free the Committee on Contributions from its obligation to deal as a matter of priority with the applications of the three States concerned.

47. **Mr. Relang** (Marshall Islands) said that his delegation fully supported the statement made by the representative of Indonesia. The process of reform required Member States to recommit themselves to their treaty obligations, to negotiate in good faith and to adopt mutually beneficial steps. It was welcome news that some arrears would be paid shortly by a major contributor but disappointing news that the payment would not represent the entire amount of the arrears. All Member States must pay their assessed contributions in full and on time. The rules of the General Assembly allowed exemptions only in the most extreme cases. If a Member State chose not to pay in full, it not only betrayed the trust placed in the United Nations but also ignored the principle of capacity to pay.

48. In reducing the floor rate of the scale of assessments, the General Assembly had finally taken into account the difficult situation of many countries, especially the small island developing States and the least developed countries. Similar steps should be taken in other United Nations organs and agencies to mirror the new reality. It was important to indicate clearly to them that they should properly reflect the unanimous decision of the General Assembly with respect to the relative capacity to pay of the States Members of the United Nations.

49. **Ms. Arystanbekova** (Kazakhstan) said that her delegation fully shared the deep concern expressed by the Under-Secretary-General for Management regarding the financial situation of the United Nations. It was obvious that all Member States should discharge their financial obligations to the United Nations in a timely manner. Her country was taking all the necessary measures to pay its assessed contributions and arrears in accordance with the Charter of the United Nations. Despite the difficulties it was experiencing in overcoming the environmental and socio-economic consequences of natural and technological disasters, Kazakhstan was making every effort to find the resources needed to finance the work of the United Nations and consistently reduce its arrears. Shortly before the opening of the fifty-third session, her country had paid $1.7 million to the regular budget and the peacekeeping budget of the United Nations, thus paying off its regular budget arrears for 1997.

50. Since its admission to membership of the United Nations in 1992, Kazakhstan had contributed a sum equivalent to more than $17 million to the overall budget of the Organization. Her Government was planning to pay its arrears in full by the end of 2000.

51. The principle of capacity to pay should be the basic criterion for establishing the level of contributions to the United Nations budget, as reaffirmed by the Assembly in its resolution 52/215 C. Her delegation welcomed several of the recommendations submitted by the Committee on Contributions in its report (A/53/11) on the basis of the review of all elements of the scale methodology. Those recommendations were a positive step in the search for a solution to the problem.

52. With regard to the elements for construction of the scale methodology for the period 2001–2003, her delegation advocated a reduction of the base period to three years, as it was convinced that a shorter period better reflected the capacity to pay of Member States. Her delegation also supported the full phasing out of the scheme of limits before the year 2001 and the use of market exchange rates for the

calculation of the next scale. Her Government was also in favour of retaining the low per capita income adjustment.

53. **Mr. Mareev** (Russian Federation) expressed appreciation to the Committee on Contributions for recommending the scale elements which had enabled the current procedure for the apportionment of the Organization's expenses to be approved by consensus, and reiterated the need for all Member States to comply scrupulously with their financial obligations so as to ensure the financial stability and normal functioning of the Organization. It was also essential for assessment rates to be fair and to be based as far as possible on the capacity to pay of Member States.

54. Recently, the number of Member States unable to pay their contributions because of circumstances beyond their control had increased significantly. His delegation believed that exemptions should be of limited duration and that any request for an extension should be reviewed carefully on a case-to-case basis. In view of the legal complexity of changing the procedures for the application of Article 19, his delegation supported the decision of the Committee on Contributions to continue discussion of the matter at its fifty-ninth session.

55. With regard to the general principle of the methodology for determining the scale of assessments, he noted that the experience of over 50 years proved the validity of the concept of relative capacity to pay chosen by the Organization's founders. The problems that had arisen in the apportionment of the Organization's expenses had been the result of deviations from that principle. In recent years, the General Assembly had eliminated a number of add-ons to that principle which had been prompted by political and transitory considerations, thus laying the groundwork for further improvements in the methodology.

56. He endorsed the conclusion of the Committee on Contributions that GNP was currently the most objective income measure for the purposes of calculating assessment rates. The shorter the base statistical period, the closer the resulting assessment rates were to Member States' real capacity to pay.

57. The question of conversion rates was one of the most complex and least-studied methodological issues. It was to be hoped that the Committee, with the advice of the International Monetary Fund and the World Bank, would make well-grounded recommendations to the General Assembly in that area.

58. As a result of recent changes in the world economic and financial situation, the issue of debt-burden adjustment of assessment rates had assumed a new dimension. The Committee on Contributions and the General Assembly had been unable to reach a consensus on whether or not borrowed resources should be considered as an increase of national property. The issue therefore required further study; the Statistics Division of the Secretariat should provide the Committee on Contributions with expertise in that area.

59. Notwithstanding the validity of the low per capita income adjustment, the adjustment gradient was currently determined on a purely political basis. His delegation therefore supported the efforts aimed at ensuring that objective criteria were used to evaluate the economic situation of States for the purposes of calculating the adjustment.

60. His delegation was convinced that the ceiling was an element of the methodology that had nothing to do with the concept of capacity to pay; accordingly, it did not fall within the purview of the Committee on Contributions, and should be considered directly by the General Assembly.

61. An annual recalculation of assessment rates would undoubtedly facilitate a stricter application of the principle of capacity to pay and a more rapid setting of new rates, although it would also increase the workload of the Secretariat.

62. Among the elements which were not part of the current scale methodology, stress should be laid on the concept of responsibility to pay. The Charter of the United Nations stipulated that all Member States had that responsibility. He therefore rejected the notion that the permanent members of the Security Council had a special financial responsibility for the non-peacekeeping activities of the United Nations, as well as the idea that the low per capita income adjustment should not be applied to the permanent members of the Council or that a regular budget floor rate should be set for those States. The permanent members of the Security Council did not enjoy any special rights in the General Assembly and therefore should not be required to assume any special financial responsibility. Such ideas had nothing to do with the principle of capacity to pay and were outside the competence of the Committee on Contributions.

63. While the issue of the financing of peacekeeping operations was not covered by the agenda item under consideration, his delegation reaffirmed its position that the apportionment procedure adopted more than 25 years earlier was outdated and in need of radical revision.

64. *Mr. Abelian (Armenia) resumed the Chair.*

65. **Ms. Niu Hongbo** (China) said that her delegation fully supported the statement made by the representative of

Indonesia on the item under consideration. For its part, her delegation believed that a general revision of the current scale of assessments was not necessary for at least three years, unless it was clear that there had been substantial changes in the relative capacity of States to pay, in accordance with rule 160 of the rules of procedure of the General Assembly. Capacity to pay was, and should continue to be, the fundamental principle for apportioning the expenses of the United Nations. Her delegation was not opposed to an in-depth consideration of specific factors and elements of the scale of assessments, where necessary, in order to ensure that every aspect of it conformed to that principle. It categorically rejected, however, any principle or concept, such as that of responsibility to pay, that was contrary to that principle or contravened it under the guise of upholding it. Her delegation therefore fully supported the views expressed in paragraphs 88 and 89 of the report of the Committee on Contributions (A/53/11).

66. Concerning requests for exemption from the application of Article 19 of the Charter of the United Nations, her delegation expressed its sympathy with certain developing countries that were experiencing economic difficulties caused by conditions beyond their control; however, it stressed the role of the Committee on Contributions and the importance of respecting the rules of procedure of the General Assembly. Matters of that nature should first be referred to the experts on the Committee on Contributions. Nonetheless, in order to facilitate agreement in the Fifth Committee, her delegation had joined the consensus in a spirit of flexibility. Subsequently, other Member States had also submitted requests for exemption, to which the General Assembly should accord equal treatment. Her delegation hoped that the Committee on Contributions would consider, on a priority basis, the procedural aspects of requests for exemption and find a solution at the earliest possible date.

67. The serious financial situation of the United Nations was basically the result of the failure of a small number of Member States, particularly the largest contributor, to pay their assessments. She appealed to the Member States in question to fulfil their financial obligations and pay their assessments on time, in full and without any condition so as to prevent the financial situation of the United Nations from deteriorating even further.

68. Lastly, there was a specific forum for the question of the scale of assessments for the peacekeeping budgets; that question should not, therefore, be dealt with under the agenda item under consideration.

69. **Mr. Saha** (India) said that, since the scale of assessments represented a delicate political balance achieved during the fifty-second session of the General Assembly, the process of refining the methodology also required a consensual approach.

70. His delegation fully supported the statement made by the representative of Indonesia on the report of the Committee on Contributions. Referring to various aspects of the report, he said that his delegation concurred with the recommendation of the Committee on Contributions and the decision of the Assembly to permit the Comoros and Tajikistan to vote during the fifty-third session of the Assembly and was pleased that the Assembly had granted a three-month waiver to Guinea-Bissau and Georgia.

71. His delegation respected the various governmental and parliamentary procedures and practices of various countries in appropriating funds. However, it was imperative that Member States should abide by their obligations under the Charter and pay their assessments in full, on time and without condition, since the difficult financial situation continued to hamper the Organization's ability to fulfil its important mandates. For many countries, the long delays in reimbursing amounts owed to them in respect of peacekeeping operations were already a foregone conclusion. At the same time, the financially imprudent practice of borrowing from the support account for peacekeeping operations to finance regular budget activities continued unabated. In that context, the procedure for the application of Article 19 of the Charter needed to be thoroughly reviewed.

72. His delegation joined the general consensus on the singular importance of the principle of capacity to pay. While there was no precise definition of that principle, there were sufficient interpretations of its meaning. In that connection, his delegation concurred with the view of the Committee on Contributions that the reintroduction of the per capita assessment ceiling would clearly be contrary to the principle of capacity to pay. It would also be inappropriate to introduce new concepts in the United Nations that had serious methodological and data deficiencies.

73. He wished to emphasize that a distinction had always been made between the scale of assessments for the regular budget and the scale of assessments for the peacekeeping budgets, in recognition of the fact that peacekeeping imposed a heavy burden on the developing countries. His delegation supported the repeated appeals by the Group of 77 and China for the institutionalization of the current ad hoc arrangements for peacekeeping scales of assessment.

74. **Mr. Monayair** (Kuwait) said that the crucial point under discussion in the report of the Committee on Contributions (A/53/11) concerned the Committee's review of all aspects of the methodology for preparation of the scale of assessments with a view to making it simpler and more transparent, as noted in General Assembly resolution 52/215 C. His delegation had observed the Committee's concern with an important element in the development of the current methodology, namely, the implications of using gross domestic product (GDP) rather than gross national product (GNP) in preparing future scales, and hoped that the Committee would continue to study that important issue, along with other alternatives.

75. With regard to exemptions from the provisions of Article 19 of the Charter of the United Nations, he said that his delegation believed the Committee was the most competent authority to deal with requests for exemption submitted by Member States. Each case should be considered separately, and reports and recommendations should be submitted to the General Assembly. He expressed the hope that the Committee would continue to make progress on that issue, and that it would profit from the experience of the Fifth Committee in that respect.

76. His delegation had every sympathy with those States that were suffering from economic problems beyond their control, and asked the Committee to consider the problems of such States carefully.

77. His delegation supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China, and agreed that the issue currently under discussion was the scale of assessments for the regular budget of the United Nations, not the peacekeeping operations budget.

78. **Mr. Odaga-Jalomayo** (Uganda) expressed his delegation's full support for the statement made by the representative of Indonesia on agenda item 118. Concerning the review of the application of Article 19 of the Charter of the United Nations carried out by the Committee on Contributions (A/53/11, chap. III, sect. A), he said that his delegation supported the Committee's view that, in considering requests for exemption under Article 19, the particular circumstances of the Member State concerned must be taken into account and that it was important for Member States to provide the fullest possible information in order to facilitate the consideration of such requests, particularly on economic aggregates, government revenues, foreign exchange resources, indebtedness and any difficulties in meeting domestic or international financial obligations. His delegation believed that the practice of seeking a waiver of the application of Article 19 without submitting adequate supporting information was dangerous. In that connection, it agreed with the Group of 77 and China that Article 19 of the Charter and rule 160 of the rules of procedure of the General Assembly must be applied more strictly. To that end, clear guidelines must be established on criteria for the consideration of requests for exemption. His delegation looked forward to the outcome of the further consideration by the Committee on Contributions, at its fifty-ninth session, of the issue of the application of Article 19, including the practical implications of the proposals contained in its report (A/53/11).

79. With regard to elements of the methodology for the preparation of scales of assessments, he noted that the Committee intended to consider them further at its fifty-ninth session, with a view to submitting to the General Assembly, at its fifty-fourth session, a consolidated set of recommendations for the preparation of the next scale of assessments. The elements of methodology for the preparation of the scale of assessments had been subject to various adjustments in order to reflect, to the fullest possible extent, countries' capacity to pay. Nonetheless, no one set of adjustments had been fully satisfactory to all Member States. That had been, and continued to be, the primary reason for the protracted debates and negotiations on the scale of assessments in both the Fifth Committee and the plenary Assembly.

80. The current methodology needed some improvement, although it must be recognized that it was the least unsatisfactory of all the methodologies proposed thus far. Accordingly, any future discussion on the review of the methodology for the preparation of the scale of assessments should endeavour to build on the broad political consensus that existed in that regard and had facilitated the adoption of an acceptable scale, such as the current one.

81. His delegation was particularly concerned about the practical implications of the proposal on annual recalculation of the scale of assessments, particularly the possibility that that might lead to a complete renegotiation every year. In accordance with rule 160 of the rules of procedure of the General Assembly, the scale, once fixed, should not be subject to review during the scale period. He urged the Fifth Committee to muster the necessary courage and provide the Committee on Contributions with an explicit response to the issues raised in paragraphs 75 to 78 of its report.

82. Referring to the comments of the Committee on Contributions on the possible reintroduction of a ceiling on per capita assessments set at the level of the per capita assessment of the Member State with the highest assessment, he said that his delegation concurred with the Committee on

Contributions that the reintroduction of that element would be contrary to the principle of capacity to pay. His delegation would continue to support various initiatives on making the scale of assessments simpler and more transparent.

The meeting rose at 4.45 p.m.